



General Assembly

Substitute Bill No. 1160

January Session, 2003

AN ACT CONCERNING REVENUE ADJUSTMENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subdivisions (6) and (7) of subsection (a) of section 12-700
2 of the general statutes, as amended by section 22 of public act 03-2, are
3 repealed and the following is substituted in lieu thereof (*Effective from*
4 *passage and applicable to taxable years commencing on or after January 1,*
5 *2003*):

6 (6) For taxable years commencing on or after January 1, 2003, but
7 prior to January 1, 2007, in accordance with the following schedule:

8 (A) For any person who files a return under the federal income tax
9 for such taxable year as an unmarried individual [or as a married
10 individual filing separately] and for trusts or estates:

T1	Connecticut Taxable Income	Rate of Tax
T2	Not over \$10,000	3.0%
T3	Over \$10,000 <u>but not over</u>	\$300.00, plus 5.0% of the
T4	<u>\$265,000</u>	excess over \$10,000
T5	<u>Over \$265,000 but not over</u>	<u>\$13,075, plus 5.5% of the</u>
T6	<u>\$531,500</u>	<u>excess over \$265,500</u>
T7	<u>Over \$531,500 but not over</u>	<u>\$27,705, plus 5.75% of the</u>

T8	<u>\$1,062,500</u>	<u>excess over \$531,500</u>
T9	<u>Over \$1,062,500</u>	<u>\$58,237.50, plus 5.9% of the</u>
T10		<u>excess over \$1,062,500</u>

11 (B) For any person who files a return under the federal income tax
 12 for such taxable year as a head of household, as defined in Section 2(b)
 13 of the Internal Revenue Code:

T11	Connecticut Taxable Income	Rate of Tax
T12	Not over \$16,000	3.0%
T13	Over \$16,000 <u>but not over</u>	\$480.00, plus 5.0% of the
T14	<u>\$396,000</u>	excess over \$16,000
T15	<u>Over \$396,000 but not over</u>	<u>\$19,480, plus 5.5% of the</u>
T16	<u>\$792,000</u>	<u>excess over \$396,000</u>
T17	<u>Over \$792,000 but not over</u>	<u>\$41,260, plus 5.75% of the</u>
T18	<u>\$1,580,000</u>	<u>excess over \$792,000</u>
T19	<u>Over \$1,580,000</u>	<u>\$86,570, plus 5.9% of the</u>
T20		<u>excess over \$1,580,000</u>

14 (C) For any husband and wife who file a return under the federal
 15 income tax for such taxable year as married individuals filing jointly or
 16 any person who files a return under the federal income tax for such
 17 taxable year as a surviving spouse, as defined in Section 2(a) of the
 18 Internal Revenue Code:

T21	Connecticut Taxable Income	Rate of Tax
T22	Not over \$20,000	3.0%
T23	Over \$20,000 <u>but not over</u>	\$600.00, plus 5.0% of the
T24	<u>\$500,000</u>	excess over \$20,000

T25	<u>Over \$500,000 but not over</u>	<u>\$24,600, plus 5.5% of the</u>
T26	<u>\$1,000,000</u>	<u>excess over \$500,000</u>
T27	<u>Over \$1,000,000 but not over</u>	<u>\$52,100, plus 5.75% of the</u>
T28	<u>\$2,000,000</u>	<u>excess over \$1,000,000</u>
T29	<u>Over \$2,000,000</u>	<u>\$ 109,600, plus 5.9% of the</u>
T30		<u>excess over \$2,000,000</u>

19 (D) [For trusts or estates, the rate of tax shall be 5.0% of the
 20 Connecticut taxable income.] For any person who files a return under
 21 the federal income tax for such taxable year as a married individual
 22 filing separately:

T31	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T32	<u>Not over \$10,000</u>	<u>3.0%</u>
T33	<u>Over \$10,000 but not over</u>	<u>\$300.00, plus 5.0% of the</u>
T34	<u>\$250,000</u>	<u>excess over \$10,000</u>
T35	<u>Over \$250,000 but not over</u>	<u>\$12,300, plus 5.5% of the</u>
T36	<u>\$500,000</u>	<u>excess over \$250,000</u>
T37	<u>Over \$500,000 but not over</u>	<u>\$26,050, plus 5.75% of the</u>
T38	<u>\$1,000,000</u>	<u>excess over \$500,000</u>
T39	<u>Over \$1,000,000</u>	<u>\$54,800, plus 5.9% of the</u>
T40		<u>excess over \$1,000,000</u>

23 (7) For taxable years commencing on or after January 1, 2007, in
 24 accordance with the following schedule:

25 (A) For any person who files a return under the federal income tax
 26 for such taxable year as an unmarried individual or as a married
 27 individual filing separately:

T41	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T42	<u>Not over \$10,000</u>	<u>3.0%</u>
T43	<u>Over \$10,000</u>	<u>\$300.00, plus 5.0% of the</u>
T44		<u>excess over \$10,000</u>

28 (B) For any person who files a return under the federal income tax
 29 for such taxable year as a head of household, as defined in Section 2(b)
 30 of the Internal Revenue Code:

T45	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T46	<u>Not over \$16,000</u>	<u>3.0%</u>
T47	<u>Over \$16,000</u>	<u>\$480.00, plus 5.0% of the</u>
T48		<u>excess over \$16,000</u>

31 (C) For any husband and wife who file a return under the federal
 32 income tax for such taxable year as married individuals filing jointly or
 33 any person who files a return under the federal income tax for such
 34 taxable year as a surviving spouse, as defined in Section 2(a) of the
 35 Internal Revenue Code:

T49	<u>Connecticut Taxable Income</u>	<u>Rate of Tax</u>
T50	<u>Not over \$20,000</u>	<u>3.0%</u>
T51	<u>Over \$20,000</u>	<u>\$600.00, plus 5.0% of the</u>
T52		<u>excess over \$20,000</u>

36 (D) For trusts or estates, the rate of tax shall be 5.0% of the
 37 Connecticut taxable income.

38 [(7)] (8) The provisions of this subsection shall apply to resident
39 trusts and estates and, wherever reference is made in this subsection to
40 residents of this state, such reference shall be construed to include
41 resident trusts and estates, provided any reference to a resident's
42 Connecticut adjusted gross income derived from sources without this
43 state or to a resident's Connecticut adjusted gross income shall be
44 construed, in the case of a resident trust or estate, to mean the resident
45 trust or estate's Connecticut taxable income derived from sources
46 without this state and the resident trust or estate's Connecticut taxable
47 income, respectively.

48 Sec. 2. Section 12-704c of the general statutes is repealed and the
49 following is substituted in lieu thereof (*Effective from passage and*
50 *applicable to taxable years commencing on or after January 1, 2003*):

51 (a) Any resident of this state, as defined in subdivision (1) of
52 subsection (a) of section 12-701, subject to the tax under this chapter for
53 any taxable year shall be entitled to a credit in determining the amount
54 of tax liability under this chapter, for all or a portion, as permitted by
55 this section, of the amount of property tax, as defined in this section,
56 first becoming due and actually paid during such taxable year by such
57 person on such person's primary residence or motor vehicle in
58 accordance with this section, provided in the case of a person who files
59 a return under the federal income tax for such taxable year as an
60 unmarried individual, a married individual filing separately or a head
61 of household, one motor vehicle shall be eligible for such credit and in
62 the case of a husband and wife who file a return under federal income
63 tax for such taxable year as married individuals filing jointly, no more
64 than two motor vehicles shall be eligible for a credit under the
65 provisions of this section.

66 (b) The credit allowed under this section shall not exceed two
67 hundred fifteen dollars for the taxable year commencing on or after
68 January 1, 1997, and prior to January 1, 1998; for taxable years
69 commencing on or after January 1, 1998, but prior to January 1, 1999,
70 three hundred fifty dollars; for taxable years commencing on or after

71 January 1, 1999, but prior to January 1, 2000, four hundred twenty-five
72 dollars; [and] for taxable years commencing on or after January 1, 2000,
73 but prior to January 1, 2003, five hundred dollars; and for taxable years
74 commencing on or after January 1, 2003, three hundred seventy-five
75 dollars. In the case of any husband and wife who file a return under
76 the federal income tax for such taxable year as married individuals
77 filing a joint return, the credit allowed, in the aggregate, shall not
78 exceed such amounts for each such taxable year.

79 (c) (1) (A) For taxable years commencing prior to January 1, 2000, in
80 the case of any such taxpayer who files under the federal income tax
81 for such taxable year as an unmarried individual whose Connecticut
82 adjusted gross income exceeds fifty-two thousand five hundred
83 dollars, the amount of the credit that exceeds one hundred dollars shall
84 be reduced by ten per cent for each ten thousand dollars, or fraction
85 thereof, by which the taxpayer's Connecticut adjusted gross income
86 exceeds said amount.

87 (B) For taxable years commencing on or after January 1, 2000, but
88 prior to January 1, 2001, in the case of any such taxpayer who files
89 under the federal income tax for such taxable year as an unmarried
90 individual whose Connecticut adjusted gross income exceeds
91 fifty-three thousand five hundred dollars, the amount of the credit that
92 exceeds one hundred dollars shall be reduced by ten per cent for each
93 ten thousand dollars, or fraction thereof, by which the taxpayer's
94 Connecticut adjusted gross income exceeds said amount.

95 (C) For taxable years commencing on or after January 1, 2001, but
96 prior to January 1, [2004] 2003, in the case of any such taxpayer who
97 files under the federal income tax for such taxable year as an
98 unmarried individual whose Connecticut adjusted gross income
99 exceeds fifty-four thousand five hundred dollars, the amount of the
100 credit that exceeds one hundred dollars shall be reduced by ten per
101 cent for each ten thousand dollars, or fraction thereof, by which the
102 taxpayer's Connecticut adjusted gross income exceeds said amount.

103 (D) For taxable years commencing on or after January 1, 2003, but
104 prior to January 1, 2004, in the case of any such taxpayer who files
105 under the federal income tax for such taxable year as an unmarried
106 individual whose Connecticut adjusted gross income exceeds fifty-four
107 thousand five hundred dollars, the amount of the credit that exceeds
108 seventy-five dollars shall be reduced by ten per cent for each ten
109 thousand dollars, or fraction thereof, by which the taxpayer's
110 Connecticut adjusted gross income exceeds said amount.

111 ~~[(D)]~~ (E) For taxable years commencing on or after January 1, 2004,
112 but prior to January 1, 2005, in the case of any such taxpayer who files
113 under the federal income tax for such taxable year as an unmarried
114 individual whose Connecticut adjusted gross income exceeds fifty-five
115 thousand five hundred dollars, the amount of the credit that exceeds
116 ~~[one hundred]~~ seventy-five dollars shall be reduced by ten per cent for
117 each ten thousand dollars, or fraction thereof, by which the taxpayer's
118 Connecticut adjusted gross income exceeds said amount.

119 ~~[(E)]~~ (F) For taxable years commencing on or after January 1, 2005,
120 but prior to January 1, 2006, in the case of any such taxpayer who files
121 under the federal income tax for such taxable year as an unmarried
122 individual whose Connecticut adjusted gross income exceeds fifty-six
123 thousand five hundred dollars, the amount of the credit that exceeds
124 ~~[one hundred]~~ seventy-five dollars shall be reduced by ten per cent for
125 each ten thousand dollars, or fraction thereof, by which the taxpayer's
126 Connecticut adjusted gross income exceeds said amount.

127 ~~[(F)]~~ (G) For taxable years commencing on or after January 1, 2006,
128 but prior to January 1, 2007, in the case of any such taxpayer who files
129 under the federal income tax for such taxable year as an unmarried
130 individual whose Connecticut adjusted gross income exceeds fifty-
131 eight thousand five hundred dollars, the amount of the credit that
132 exceeds ~~[one hundred]~~ seventy-five dollars shall be reduced by ten per
133 cent for each ten thousand dollars, or fraction thereof, by which the
134 taxpayer's Connecticut adjusted gross income exceeds said amount.

135 [(G)] (H) For taxable years commencing on or after January 1, 2007,
136 but prior to January 1, 2008, in the case of any such taxpayer who files
137 under the federal income tax for such taxable year as an unmarried
138 individual whose Connecticut adjusted gross income exceeds sixty
139 thousand five hundred dollars, the amount of the credit that exceeds
140 [one hundred] seventy-five dollars shall be reduced by ten per cent for
141 each ten thousand dollars, or fraction thereof, by which the taxpayer's
142 Connecticut adjusted gross income exceeds said amount.

143 [(H)] (I) For taxable years commencing on or after January 1, 2008,
144 but prior to January 1, 2009, in the case of any such taxpayer who files
145 under the federal income tax for such taxable year as an unmarried
146 individual whose Connecticut adjusted gross income exceeds
147 sixty-two thousand five hundred dollars, the amount of the credit that
148 exceeds [one hundred] seventy-five dollars shall be reduced by ten per
149 cent for each ten thousand dollars, or fraction thereof, by which the
150 taxpayer's Connecticut adjusted gross income exceeds said amount.

151 [(I)] (J) For taxable years commencing on or after January 1, 2009, in
152 the case of any such taxpayer who files under the federal income tax
153 for such taxable year as an unmarried individual whose Connecticut
154 adjusted gross income exceeds sixty-four thousand five hundred
155 dollars, the amount of the credit that exceeds [one hundred] seventy-
156 five dollars shall be reduced by ten per cent for each ten thousand
157 dollars, or fraction thereof, by which the taxpayer's Connecticut
158 adjusted gross income exceeds said amount.

159 (2) In the case of any such taxpayer who files under the federal
160 income tax for such taxable year as a married individual filing
161 separately whose Connecticut adjusted gross income exceeds fifty
162 thousand two hundred fifty dollars, the amount of the credit that
163 exceeds [one hundred] seventy-five dollars shall be reduced by ten per
164 cent for each five thousand dollars, or fraction thereof, by which the
165 taxpayer's Connecticut adjusted gross income exceeds said amount.

166 (3) In the case of a taxpayer who files under the federal income tax

167 for such taxable year as a head of household whose Connecticut
168 adjusted gross income exceeds seventy-eight thousand five hundred
169 dollars, the amount of the credit that exceeds [one hundred] seventy-
170 five dollars shall be reduced by ten per cent for each ten thousand
171 dollars or fraction thereof, by which the taxpayer's Connecticut
172 adjusted gross income exceeds said amount.

173 (4) In the case of a taxpayer who files under federal income tax for
174 such taxable year as married individuals filing jointly whose
175 Connecticut adjusted gross income exceeds one hundred thousand five
176 hundred dollars, the amount of the credit that exceeds [one hundred]
177 seventy-five dollars shall be reduced by ten per cent for each ten
178 thousand dollars, or fraction thereof, by which the taxpayer's
179 Connecticut adjusted gross income exceeds said amount.

180 (d) The credit allowed under the provisions of this section shall be
181 available for any person leasing a motor vehicle pursuant to a written
182 agreement for a term of more than one year. Such lessee shall be
183 entitled to the credit in accordance with the provisions of this section
184 for the taxes actually paid by the lessor or lessee on such leased
185 vehicle, provided the lessee was lawfully in possession of the motor
186 vehicle at such time when the taxes first became due. The lessor shall
187 provide the lessee with documentation establishing, to the satisfaction
188 of the Commissioner of Revenue Services, the amount of property tax
189 paid during the time period in which the lessee was lawfully in
190 possession of the motor vehicle. The lessor of the motor vehicle shall
191 not be entitled to a credit under the provisions of this section.

192 (e) The credit may only be used to reduce such qualifying taxpayer's
193 tax liability for the year for which such credit is applicable and shall
194 not be used to reduce such tax liability to less than zero.

195 (f) The amount of tax due pursuant to sections 12-705 and 12-722
196 shall be calculated without regard to this credit.

197 (g) For the purposes of this section: (1) "Property tax" means the
198 amount of property tax exclusive of any interest, fees or charges

199 thereon for which a taxpayer is liable, or in the case of any husband
200 and wife who file a return under the federal income tax for such
201 taxable year as married individuals filing a joint return, for which the
202 husband or wife or both are liable, to a Connecticut political
203 subdivision on the taxpayer's primary residence or motor vehicles; (2)
204 "motor vehicle" means a motor vehicle, as defined in section 14-1,
205 which is privately owned or leased; and (3) property tax first becomes
206 due, if due and payable in a single installment, on the date designated
207 by the legislative body of the municipality as the date on which such
208 installment shall be due and payable and, if due and payable in two or
209 more installments, on the date designated by the legislative body of
210 the municipality as the date on which such installment shall be due
211 and payable or, at the election of the taxpayer, on the date designated
212 by the legislative body of the municipality as the date on which any
213 earlier installment of such tax shall be due and payable.

214 Sec. 3. Subdivision (1) of section 12-408 of the general statutes is
215 repealed and the following is substituted in lieu thereof (*Effective July*
216 *1, 2003, and applicable to sales occurring on or after July 1, 2003*):

217 (1) For the privilege of making any sales, as defined in subdivision
218 (2) of subsection (a) of section 12-407, at retail, in this state for a
219 consideration, on or after July 1, 2003, but prior to July 1, 2007, a tax is
220 hereby imposed on all retailers at the rate of six and one-half per cent
221 of the gross receipts of any retailer from the sale of all tangible
222 personal property sold at retail or from the rendering of any services
223 constituting a sale in accordance with subdivision (2) of subsection (a)
224 of section 12-407, and for the privilege of making any such sales on or
225 after July 1, 2007, said tax shall be at a rate of six per cent, except, in
226 lieu of said rate of six per cent or six and one-half per cent, as the case
227 may be, (A) at a rate of twelve per cent with respect to each transfer of
228 occupancy, from the total amount of rent received for such occupancy
229 of any room or rooms in a hotel or lodging house for the first period
230 not exceeding thirty consecutive calendar days, (B) with respect to the
231 sale of a motor vehicle to any individual who is a member of the
232 armed forces of the United States and is on full-time active duty in

233 Connecticut and who is considered, under 50 App USC 574, a resident
234 of another state, or to any such individual and the spouse thereof, at a
235 rate of four and one-half per cent of the gross receipts of any retailer
236 from such sales, provided such retailer requires and maintains a
237 declaration by such individual, prescribed as to form by the
238 commissioner and bearing notice to the effect that false statements
239 made in such declaration are punishable, or other evidence,
240 satisfactory to the commissioner, concerning the purchaser's state of
241 residence under 50 App USC 574, (C) (i) with respect to the sales of
242 computer and data processing services occurring on or after July 1,
243 1997, and prior to July 1, 1998, at the rate of five per cent, on or after
244 July 1, 1998, and prior to July 1, 1999, at the rate of four per cent, on or
245 after July 1, 1999, and prior to July 1, 2000, at the rate of three per cent,
246 on or after July 1, 2000, and prior to July 1, 2001, at the rate of two per
247 cent, on or after July 1, 2001, [and prior to July 1, 2004,] at the rate of
248 one per cent, [and on and after July 1, 2004, such services shall be
249 exempt from such tax,] (ii) with respect to sales of Internet access
250 services, on and after July 1, 2001, such services shall be exempt from
251 such tax, (D) with respect to the sales of labor that is otherwise taxable
252 under subparagraph (C) or (G) of subdivision (2) of subsection (a) of
253 section 12-407 on existing vessels and repair or maintenance services
254 on vessels occurring on and after July 1, 1999, such services shall be
255 exempt from such tax, and (E) with respect to patient care services for
256 which payment is received by the hospital on or after July 1, 1999, and
257 prior to July 1, 2001, and with respect to such services for which
258 payment is received by the hospital on or after July 1, 2003, at the rate
259 of five and three-fourths per cent. The rate of tax imposed by this
260 chapter shall be applicable to all retail sales upon the effective date of
261 such rate, except that a new rate which represents an increase in the
262 rate applicable to the sale shall not apply to any sales transaction
263 wherein a binding sales contract without an escalator clause has been
264 entered into prior to the effective date of the new rate and delivery is
265 made within ninety days after the effective date of the new rate. For
266 the purposes of payment of the tax imposed under this section, any
267 retailer of services taxable under subparagraph (I) of subdivision (2) of

268 subsection (a) of section 12-407, who computes taxable income, for
 269 purposes of taxation under the Internal Revenue Code of 1986, or any
 270 subsequent corresponding internal revenue code of the United States,
 271 as from time to time amended, on an accounting basis which
 272 recognizes only cash or other valuable consideration actually received
 273 as income and who is liable for such tax only due to the rendering of
 274 such services may make payments related to such tax for the period
 275 during which such income is received, without penalty or interest,
 276 without regard to when such service is rendered.

277 Sec. 4. Subdivision (3) of section 12-408 of the general statutes is
 278 repealed and the following is substituted in lieu thereof (*Effective July*
 279 *1, 2003, and applicable to sales occurring on or after July 1, 2003*):

280 (3) For the purpose of adding and collecting the tax imposed by this
 281 chapter, or an amount equal as nearly as possible or practicable to the
 282 average equivalent thereof, by the retailer from the consumer the
 283 following bracket system shall be in force and effect as follows:

T53	Amount of Sale	Amount of Tax
T54	\$0.00 to \$0.08 inclusive	No Tax
T55	.09 to .24 inclusive	1 cent
T56	.25 to .41 inclusive	2 cents
T57	.42 to .58 inclusive	3 cents
T58	.59 to .74 inclusive	4 cents
T59	.75 to .91 inclusive	5 cents
T60	.92 to 1.08 inclusive	6 cents

284 On all sales above \$1.08, on or after July 1, 2003, but prior to July 1,
 285 2007, the tax shall be computed at the rate of six and one-half per cent.
 286 On all such sales on or after July 1, 2007, the tax shall be computed at
 287 the rate of six per cent.

288 Sec. 5. Subdivision (1) of section 12-411 of the general statutes is

289 repealed and the following is substituted in lieu thereof (*Effective July*
290 *1, 2003, and applicable to sales occurring on or after July 1, 2003*):

291 (1) An excise tax is hereby imposed on the storage, acceptance,
292 consumption or any other use in this state of tangible personal
293 property purchased from any retailer for storage, acceptance,
294 consumption or any other use in this state, the acceptance or receipt of
295 any services constituting a sale in accordance with subdivision (2) of
296 subsection (a) of section 12-407, purchased from any retailer for
297 consumption or use in this state, or the storage, acceptance,
298 consumption or any other use in this state of tangible personal
299 property which has been manufactured, fabricated, assembled or
300 processed from materials by a person, either within or without this
301 state, for storage, acceptance, consumption or any other use by such
302 person in this state, to be measured by the sales price of materials, at
303 the rate of six and one-half per cent of the sales price of such property
304 or services on and after July 1, 2003, but prior to July 1, 2007, and on
305 and after July 1, 2007, said tax shall be at the rate of six per cent, except,
306 in lieu of said rate of six per cent or six and one-half per cent, as the
307 case may be, (A) at a rate of twelve per cent of the rent paid for
308 occupancy of any room or rooms in a hotel or lodging house for the
309 first period of not exceeding thirty consecutive calendar days, (B) with
310 respect to the storage, acceptance, consumption or use in this state of a
311 motor vehicle purchased from any retailer for storage, acceptance,
312 consumption or use in this state by any individual who is a member of
313 the armed forces of the United States and is on full-time active duty in
314 Connecticut and who is considered, under 50 App USC 574, a resident
315 of another state, or to any such individual and the spouse of such
316 individual at a rate of four and one-half per cent of the sales price of
317 such vehicle, provided such retailer requires and maintains a
318 declaration by such individual, prescribed as to form by the
319 commissioner and bearing notice to the effect that false statements
320 made in such declaration are punishable, or other evidence,
321 satisfactory to the commissioner, concerning the purchaser's state of
322 residence under 50 App USC 574, (C) with respect to the acceptance or

323 receipt in this state of labor that is otherwise taxable under
324 subparagraph (C) or (G) of subdivision (2) of subsection (a) of section
325 12-407 on existing vessels and repair or maintenance services on
326 vessels occurring on and after July 1, 1999, such services shall be
327 exempt from such tax, (D) (i) with respect to the acceptance or receipt
328 in this state of computer and data processing services purchased from
329 any retailer for consumption or use in this state occurring on or after
330 July 1, 1997, and prior to July 1, 1998, at the rate of five per cent of such
331 services, on or after July 1, 1998, and prior to July 1, 1999, at the rate of
332 four per cent of such services, on or after July 1, 1999, and prior to July
333 1, 2000, at the rate of three per cent of such services, on or after July 1,
334 2000, and prior to July 1, 2001, at the rate of two per cent of such
335 services, on and after July 1, 2001, [and prior to July 1, 2004,] at the rate
336 of one per cent of such services, [and on and after July 1, 2004, such
337 services shall be exempt from such tax,] and (ii) with respect to the
338 acceptance or receipt in this state of Internet access services, on or after
339 July 1, 2001, such services shall be exempt from tax, and (E) with
340 respect to the acceptance or receipt in this state of patient care services
341 purchased from any retailer for consumption or use in this state for
342 which payment is received by the hospital on or after July 1, 1999, and
343 prior to July 1, 2001, and with respect to acceptance or receipt in this
344 state of such services for which payment is received by the hospital on
345 or after July 1, 2003, at the rate of five and three-fourths per cent.

346 Sec. 6. Subsection (b) of section 12-214 of the general statutes, as
347 amended by section 32 of public act 03-2, is repealed and the following
348 is substituted in lieu thereof (*Effective from passage and applicable to*
349 *income years commencing on or after January 1, 2004*):

350 (b) (1) With respect to income years commencing on or after January
351 1, 1989, and prior to January 1, 1992, any company subject to the tax
352 imposed in accordance with subsection (a) of this section shall pay, for
353 each such income year, an additional tax in an amount equal to twenty
354 per cent of the tax calculated under said subsection (a) for such income
355 year, without reduction of the tax so calculated by the amount of any
356 credit against such tax. The additional amount of tax determined

357 under this subsection for any income year shall constitute a part of the
358 tax imposed by the provisions of said subsection (a) and shall become
359 due and be paid, collected and enforced as provided in this chapter.

360 (2) With respect to income years commencing on or after January 1,
361 1992, and prior to January 1, 1993, any company subject to the tax
362 imposed in accordance with subsection (a) of this section shall pay, for
363 each such income year, an additional tax in an amount equal to ten per
364 cent of the tax calculated under said subsection (a) for such income
365 year, without reduction of the tax so calculated by the amount of any
366 credit against such tax. The additional amount of tax determined
367 under this subsection for any income year shall constitute a part of the
368 tax imposed by the provisions of said subsection (a) and shall become
369 due and be paid, collected and enforced as provided in this chapter.

370 (3) With respect to income years commencing on or after January 1,
371 2003, and prior to January 1, 2004, any company subject to the tax
372 imposed in accordance with subsection (a) of this section shall pay, for
373 each such income year, an additional tax in an amount equal to twenty
374 per cent of the tax calculated under said subsection (a) for such income
375 year, without reduction of the tax so calculated by the amount of any
376 credit against such tax. The additional amount of tax determined
377 under this subsection for any income year shall constitute a part of the
378 tax imposed by the provisions of said subsection (a) and shall become
379 due and be paid, collected and enforced as provided in this chapter.

380 (4) With respect to income years commencing on or after January 1,
381 2004, and prior to January 1, 2006, any company subject to the tax
382 imposed in accordance with subsection (a) of this section shall pay, for
383 each such income year, an additional tax in an amount equal to ten per
384 cent of the tax calculated under said subsection (a) for such income
385 year, without reduction of the tax so calculated by the amount of any
386 credit against such tax. The additional amount of tax determined
387 under this subsection for any income year shall constitute a part of the
388 tax imposed by the provisions of said subsection (a) and shall become
389 due and be paid, collected and enforced as provided in this chapter.

390 Sec. 7. Subsection (b) of section 12-284b of the general statutes, as
391 amended by section 33 of public act 03-2, is repealed and the following
392 is substituted in lieu thereof (*Effective from passage and applicable to*
393 *taxable years commencing on or after January 1, 2004*):

394 (b) Each limited liability company, limited liability partnership,
395 limited partnership and S corporation shall annually, on or before the
396 fifteenth day of the fourth month following the close of its taxable year,
397 pay to the Commissioner of Revenue Services a tax in the amount of
398 two hundred fifty dollars. With respect to taxable years commencing
399 on or after January 1, 2003, and prior to January 1, 2004, any company
400 subject to the tax imposed in accordance with this subsection shall pay,
401 for each such taxable year, an additional tax in an amount equal to
402 twenty per cent of the tax imposed under this subsection for such
403 taxable year. With respect to taxable years commencing on or after
404 January 1, 2004, and prior to January 1, 2006, any company subject to
405 the tax imposed in accordance with this subsection shall pay, for each
406 such taxable year, an additional tax in an amount equal to ten per cent
407 of the tax imposed under this subsection for such taxable year. The
408 additional amount of tax for the taxable year commencing on or after
409 January 1, 2003, shall constitute a part of the tax imposed by the
410 provisions of this subsection and shall become due and be paid,
411 collected and enforced as provided by in this section.

412 Sec. 8. Subsection (b) of section 12-219 of the general statutes, as
413 amended by section 34 of public act 03-2, is repealed and the following
414 is substituted in lieu thereof (*Effective from passage and applicable to*
415 *income years commencing on or after January 1, 2004*):

416 (b) (1) With respect to income years commencing on or after January
417 1, 1989, and prior to January 1, 1992, the additional tax imposed on any
418 company and calculated in accordance with subsection (a) of this
419 section shall, for each such income year, except when the tax so
420 calculated is equal to two hundred fifty dollars, be increased by adding
421 thereto an amount equal to twenty per cent of the additional tax so
422 calculated for such income year, without reduction of the additional

423 tax so calculated by the amount of any credit against such tax. The
424 increased amount of tax payable by any company under this section,
425 as determined in accordance with this subsection, shall become due
426 and be paid, collected and enforced as provided in this chapter.

427 (2) With respect to income years commencing on or after January 1,
428 1992, and prior to January 1, 1993, the additional tax imposed on any
429 company and calculated in accordance with subsection (a) of this
430 section shall, for each such income year, except when the tax so
431 calculated is equal to two hundred fifty dollars, be increased by adding
432 thereto an amount equal to ten per cent of the additional tax so
433 calculated for such income year, without reduction of the tax so
434 calculated by the amount of any credit against such tax. The increased
435 amount of tax payable by any company under this section, as
436 determined in accordance with this subsection, shall become due and
437 be paid, collected and enforced as provided in this chapter.

438 (3) With respect to income years commencing on or after January 1,
439 2003, and prior to January 1, 2004, the additional tax imposed on any
440 company and calculated in accordance with subsection (a) of this
441 section shall, for each such income year, be increased by adding
442 thereto an amount equal to twenty per cent of the additional tax so
443 calculated for such income year, without reduction of the tax so
444 calculated by the amount of any credit against such tax. The increased
445 amount of tax payable by any company under this section, as
446 determined in accordance with this subsection, shall become due and
447 be paid, collected and enforced as provided in this chapter.

448 (4) With respect to income years commencing on or after January 1,
449 2004, and prior to January 1, 2006, the additional tax imposed on any
450 company and calculated in accordance with subsection (a) of this
451 section shall, for each such income year, be increased by adding
452 thereto an amount equal to ten per cent of the additional tax so
453 calculated for such income year, without reduction of the tax so
454 calculated by the amount of any credit against such tax. The increased
455 amount of tax payable by any company under this section, as

456 determined in accordance with this subsection, shall become due and
457 be paid, collected and enforced as provided in this chapter.

458 Sec. 9. (NEW) (*Effective from passage and applicable to income years*
459 *commencing on or after January 1, 2003*) Notwithstanding any provision
460 of the general statutes, the amount of tax credit or credits otherwise
461 allowable against the tax imposed under chapter 207 of the general
462 statutes for any income year shall not exceed seventy per cent of the
463 amount of tax due from such taxpayer under said chapter 207 with
464 respect to such income year of the taxpayer prior to the application of
465 such credit or credits.

466 Sec. 10. Subsections (d) and (e) of section 12-344 of the general
467 statutes are repealed and the following is substituted in lieu thereof
468 (*Effective from passage and applicable to transfers from estates of decedents*
469 *who die on or after January 1, 2003*):

470 (d) The tax under this section applicable to the net taxable estate of
471 any transferor, whose death occurs on or after January 1, 1999, passing
472 to a class B beneficiary shall be imposed as follows: (1) If the death of
473 the transferor occurs on or after January 1, 1999, but prior to January 1,
474 2000, at the rate of (A) six per cent on the amount in excess of two
475 hundred thousand dollars in value to and including two hundred fifty
476 thousand dollars, (B) seven per cent on the amount in excess of two
477 hundred fifty thousand dollars in value to and including four hundred
478 thousand dollars, (C) eight per cent on the amount in excess of four
479 hundred thousand dollars in value to and including six hundred
480 thousand dollars, (D) nine per cent on the amount in excess of six
481 hundred thousand dollars in value to and including one million
482 dollars, and (E) ten per cent on the amount in excess of one million
483 dollars in value, (2) if the death of the transferor occurs on or after
484 January 1, 2000, but prior to January 1, 2001, at the rate of (A) eight per
485 cent on the amount in excess of four hundred thousand dollars in
486 value to and including six hundred thousand dollars, (B) nine per cent
487 on the amount in excess of six hundred thousand dollars in value to
488 and including one million dollars, and (C) ten per cent on the amount

489 in excess of one million dollars in value, (3) if the death of the
490 transferor occurs on or after January 1, 2001, but prior to January 1,
491 [2003] 2005, at the rate of (A) nine per cent on the amount in excess of
492 six hundred thousand dollars in value to and including one million
493 dollars, and (B) ten per cent on the amount in excess of one million
494 dollars in value, (4) if the death of the transferor occurs on or after
495 January 1, [2003] 2005, but prior to January 1, [2004] 2006, at the rate of
496 eight per cent on the amount in excess of one million five hundred
497 thousand dollars in value, and (5) if the death of the transferor occurs
498 on or after January 1, [2004] 2006, the net taxable estate passing to a
499 class B beneficiary shall not be subject to tax under this chapter.

500 (e) The tax under this section applicable to the net taxable estate of
501 any transferor, whose death occurs on or after January 1, 2001, passing
502 to a class C beneficiary shall be imposed as follows: (1) If the death of
503 the transferor occurs on or after January 1, 2001, but prior to January 1,
504 [2003] 2005, at the rate of (A) ten per cent on the amount in excess of
505 two hundred thousand dollars in value to and including two hundred
506 fifty thousand dollars, (B) eleven per cent on the amount in excess of
507 two hundred fifty thousand dollars in value to and including four
508 hundred thousand dollars, (C) twelve per cent on the amount in excess
509 of four hundred thousand dollars in value to and including six
510 hundred thousand dollars, (D) thirteen per cent on the amount in
511 excess of six hundred thousand dollars in value to and including one
512 million dollars, and (E) fourteen per cent on the amount in excess of
513 one million dollars in value, (2) if the death of the transferor occurs on
514 or after January 1, [2003] 2005, but prior to January 1, [2004] 2006, at
515 the rate of (A) twelve per cent on the amount in excess of four hundred
516 thousand dollars in value to and including six hundred thousand
517 dollars, (B) thirteen per cent on the amount in excess of six hundred
518 thousand dollars in value to and including one million dollars, and (C)
519 fourteen per cent on the amount in excess of one million dollars in
520 value, (3) if the death of the transferor occurs on or after January 1,
521 [2004] 2006, but prior to January 1, [2005] 2007, at the rate of (A)
522 thirteen per cent on the amount in excess of six hundred thousand

dollars in value to and including one million dollars, and (B) fourteen per cent on the amount in excess of one million dollars in value, (4) if the death of the transferor occurs on or after January 1, [2005] 2007, but prior to January 1, [2006] 2008, at the rate of fourteen per cent on the amount in excess of one million five hundred thousand dollars in value, and (5) if the death of the transferor occurs on or after January 1, [2006] 2008, the net taxable estate passing to a class C beneficiary shall not be subject to tax under this chapter.

Sec. 11. Section 12-390a of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to transfers occurring on or after January 1, 2003*):

The terms "generation-skipping transfer", "taxable distribution", and "taxable termination" have the same meaning as defined in Chapter 13 of Subtitle B of the Internal Revenue Code of 1986, or any subsequent corresponding internal revenue code of the United States, [as from time to time amended] in effect as of January 1, 2001.

Sec. 12. Section 12-390b of the general statutes is repealed and the following is substituted in lieu thereof (*Effective from passage and applicable to transfers occurring on or after January 1, 2003*):

(a) A tax is hereby imposed upon every generation-skipping transfer, where the original transferor is a resident of this state at the date of the original transfer. The amount of the tax shall be the amount of the federal credit allowable for generation-skipping transfer tax paid to any state under the provisions of the federal internal revenue code in [force at the date of such generation-skipping transfer] effect as of January 1, 2001, in respect to any property included in the generation-skipping transfer. If any such property is real or tangible personal property located outside this state and is subject to generation-skipping transfer taxes by any state or states other than the state of Connecticut for which such federal credit is allowable, the amount of tax due under this section shall be reduced by the lesser of (1) the amount of any such taxes paid to such other state or states and allowed

555 as a credit against the federal generation-skipping transfer tax in effect
556 as of January 1, 2001; or (2) an amount computed by multiplying such
557 federal credit by a fraction, (A) the numerator of which is the value of
558 all transferred real and tangible personal property which is subject to
559 generation-skipping transfer taxes and over which such other state or
560 states have jurisdiction for generation-skipping transfer tax purposes
561 to the same extent to which this state would exert jurisdiction for
562 generation-skipping transfer tax purposes under this chapter with
563 respect to the residents of such other state or states, and (B) the
564 denominator of which is the value of all transferred property which is
565 subject to generation-skipping transfer taxes, wherever located.

566 (b) A tax is hereby imposed upon every generation-skipping
567 transfer, where the original transferor is not a resident of this state at
568 the date of the original transfer but where the generation-skipping
569 transfer includes real or tangible personal property located in this
570 state. The amount of the tax shall be computed by multiplying (1) the
571 federal credit allowable for generation-skipping transfer tax paid to
572 any state or states under the provisions of the federal internal revenue
573 code in [force at the date of such generation-skipping transfer] effect as
574 of January 1, 2001, in respect to any property included in the
575 generation-skipping transfer by (2) a fraction, (A) the numerator of
576 which is the value of all transferred real and tangible personal
577 property which is subject to generation-skipping transfer taxes, which
578 is located in this state and over which this state has jurisdiction for
579 generation-skipping transfer tax purposes, and (B) the denominator of
580 which is the value of all transferred property which is subject to
581 generation-skipping transfer taxes, wherever located.

582 (c) For purposes of subsections (a) and (b) of this section, property
583 shall have the same value that it has for federal generation-skipping
584 transfer tax purposes as provided in the Internal Revenue Code of
585 1986, or any subsequent corresponding internal revenue code of the
586 United States, in effect as of January 1, 2001.

587 Sec. 13. Subsections (a) to (c), inclusive, of section 12-391 of the

588 general statutes are repealed and the following is substituted in lieu
589 thereof (*Effective from passage and applicable to estates of decedents who die*
590 *on or after January 1, 2003*):

591 (a) A tax is imposed upon the transfer of the estate of each person
592 who at the time of death was a resident of this state. The amount of the
593 tax shall be the amount of the federal credit allowable for estate,
594 inheritance, legacy and succession taxes paid to any state or the
595 District of Columbia under the provisions of the federal internal
596 revenue code in [force at the date of such decedent's death] effect as of
597 January 1, 2001, in respect to any property owned by such decedent or
598 subject to such taxes as part of or in connection with the estate of such
599 decedent. If real or tangible personal property of such decedent is
600 located outside of this state and is subject to estate, inheritance, legacy,
601 or succession taxes by any state or states, other than the state of
602 Connecticut, or by the District of Columbia for which such federal
603 credit is allowable, the amount of tax due under this section shall be
604 reduced by the lesser of: (1) The amount of any such taxes paid to such
605 other state or states or said district and allowed as a credit against the
606 federal estate tax in effect as of January 1, 2001; or (2) an amount
607 computed by multiplying such federal credit by a fraction, (A) the
608 numerator of which is the value of that part of the decedent's gross
609 estate over which such other state or states or said district have
610 jurisdiction for estate tax purposes to the same extent to which this
611 state would assert jurisdiction for estate tax purposes under this
612 chapter with respect to the residents of such other state or states or
613 said district, and (B) the denominator of which is the value of the
614 decedent's gross estate. Property of a resident estate over which this
615 state has jurisdiction for estate tax purposes includes real property
616 situated in this state, tangible personal property having an actual situs
617 in this state, and intangible personal property owned by the decedent,
618 regardless of where it is located. The amount of any estate tax imposed
619 under this subsection shall also be reduced, but not below zero, by the
620 amount of any tax that is imposed under chapter 216 and that is
621 actually paid to this state.

622 (b) A tax is imposed upon the transfer of the estate of each person
623 who at the time of death was a nonresident of this state, the amount of
624 which shall be computed by multiplying (1) the federal credit
625 allowable for estate, inheritance, legacy, and succession taxes paid to
626 any state or states or the District of Columbia under the provisions of
627 the federal internal revenue code in [force at the date of such
628 decedent's death] effect as of January 1, 2001, in respect to any
629 property owned by such decedent or subject to such taxes as a part of
630 or in connection with the estate of such decedent by (2) a fraction, (A)
631 the numerator of which is the value of that part of the decedent's gross
632 estate over which this state has jurisdiction for estate tax purposes, and
633 (B) the denominator of which is the value of the decedent's gross
634 estate. Property of a nonresident estate over which this state has
635 jurisdiction for estate tax purposes includes real property situated in
636 this state and tangible personal property having an actual situs in this
637 state. The amount of any estate tax imposed under this subsection shall
638 also be reduced, but not below zero, by the amount of any tax that is
639 imposed under chapter 216 and that is actually paid to this state.

640 (c) For purposes of subsections (a) and (b) of this section, "gross
641 estate" means the gross estate, for federal estate tax purposes as
642 provided in the Internal Revenue Code of 1986, or any subsequent
643 corresponding internal revenue code of the United States, in effect as
644 of January 1, 2001.

645 Sec. 14. Section 12-256 of the general statutes is repealed and the
646 following is substituted in lieu thereof (*Effective July 1, 2003, and*
647 *applicable to gross earnings on sales occurring on or after July 1, 2003*):

648 Each person carrying on an express business on railroads, each
649 person conducting a telegraph or cable business, [and] each person
650 operating a community antenna television system under chapter 289
651 and each person operating a business that provides one-way
652 transmission to subscribers of video programming by satellite, shall
653 pay an annual tax upon the gross earnings from (1) the routes in this
654 state in the case of any person carrying on such an express business, (2)

655 the lines in this state in the case of any person conducting a telegraph
 656 or cable business, provided in the case of a person conducting a
 657 telegraph business the tax imposed under this section shall only be
 658 applicable with respect to a person conducting such business, and the
 659 services offered by such person, subject to tax under this section on
 660 January 1, 1986, [and] (3) the lines, facilities, apparatus and auxiliary
 661 equipment in this state in the case of any person operating a
 662 community antenna television system, and (4) the transmission to
 663 subscribers in this state in the case of a person operating a business
 664 that provides one-way transmission to subscribers of video
 665 programming by satellite. No deduction shall be allowed from such
 666 gross earnings from operations for commissions, rebates or other
 667 payments, except such refunds as arise from errors or overcharges.
 668 Each such person shall, on or before April first, annually, render to the
 669 Commissioner of Revenue Services a return signed by the treasurer, or
 670 the person performing the duties of treasurer, or an authorized agent
 671 or officer of the business or system operated by such person, on forms
 672 prescribed or furnished by the commissioner specifying: The name and
 673 location within this state of such business or system or, if it has no
 674 location within this state, where such business or system is located; the
 675 total amount of gross earnings subject to the tax imposed under this
 676 section for the year ending the thirty-first day of December next
 677 preceding or for each lesser period of consecutive time during such
 678 year, each such year or period being in this chapter and chapter 212a
 679 called a "tax year", in which business or operations were carried on in
 680 this state; the total miles of railway routes which each of the persons
 681 doing an express business was entitled to operate under contracts with
 682 railroad companies and the number of miles of such railway routes
 683 within this state on the first day and on the last day of the tax year; the
 684 total miles of wires operated by each of the persons conducting a
 685 telegraph or cable business or operating a community antenna
 686 television system and the total miles of such wires operated within this
 687 state on the first day and on the last day of the tax year; the total
 688 number of subscribers, and the number of subscribers in this state,
 689 served by each person operating a business that provides one-way

690 transmission to subscribers of video programming by satellite.

691 Sec. 15. Section 12-258 of the general statutes is repealed and the
692 following is substituted in lieu thereof (*Effective July 1, 2003, and*
693 *applicable to gross earnings on sales occurring on or after July 1, 2003*):

694 Each person included in section 12-256, as amended by this act, shall
695 be taxed upon the amount of the gross earnings in each tax year from
696 the lines, routes, or lines, facilities, apparatus and auxiliary equipment
697 operated by it in this state, or from the transmission of video
698 programming to this state, as the case may be, at the rates provided in
699 this section. Gross earnings for any tax year, for the purposes of
700 assessment and taxation, shall be as follows: In the case of a person
701 carrying on the business wholly within the limits of this state, the
702 entire amount of the gross earnings subject to the tax imposed under
703 section 12-256, as amended by this act; in the case of a person also
704 carrying on the business outside of this state, a portion of the entire
705 amount of the gross earnings subject to the tax imposed under section
706 12-256, as amended by this act, apportioned to this state as follows: In
707 the case of a person carrying on an express business on railroads, such
708 portion of the gross earnings of such person from the railway routes
709 operated by it as is represented by the ratio of the total number of
710 miles of railway routes in this state which such person was entitled to
711 operate under contracts with railroad companies on the first day and
712 on the last day of such tax year to the total number of miles of such
713 railway routes within and without this state on said dates; in the case
714 of a person conducting telegraph or cable business, such portion of the
715 total gross earnings from the lines operated by it as is represented by
716 the ratio of the total number of miles of wires operated by such person
717 within this state on the first day and on the last day of such tax year to
718 the total number of miles of wires operated by such person both within
719 and without this state on said dates; in the case of a person operating a
720 community antenna television system, such portion of the total gross
721 earnings from the lines, facilities, apparatus and auxiliary equipment
722 operated by it as is represented by the total number of miles of lines
723 operated by such person within this state on the first day and on the

724 last day of such tax year to the total number of miles of lines operated
 725 by such person both within and without the state on said dates; in the
 726 case of a person operating a business that provides one-way
 727 transmission to subscribers of video programming by satellite, such
 728 portion of the total gross earnings from the transmission to subscribers
 729 in this state as is represented by the total number of subscribers served
 730 by such person within this state on the first day and on the last day of
 731 such tax year to the total number of subscribers served by such person
 732 both within and without the state on said dates. The rates of tax on the
 733 gross earnings as determined in this section shall be as follows: (1)
 734 Persons carrying on an express business, two per cent of such gross
 735 earnings; (2) persons conducting a telegraph or cable business, four
 736 and one-half per cent of such gross earnings; (3) persons operating a
 737 community antenna television system and persons operating a
 738 business that provides one-way transmission to subscribers of video
 739 programming by satellite, five per cent of such gross earnings, reduced
 740 by any assessments made pursuant to section 16-49 which are
 741 attributable to the year in which such tax is assessed.

742 Sec. 16. Subsection (a) of section 12-642 of the general statutes is
 743 repealed and the following is substituted in lieu thereof (*Effective from*
 744 *passage and applicable to taxable years commencing on or after January 1,*
 745 *2003*):

746 (a) (1) With respect to calendar years commencing prior to January
 747 1, 2001, the tax imposed by section 12-640 for the calendar year shall be
 748 at a rate of the taxable gifts made by the donor during the calendar
 749 year set forth in the following schedule:

T61	Amount of Taxable Gifts	Rate of Tax
T62	Not over \$25,000	1%
T63	Over \$25,000	\$250, plus 2% of the excess
T64	but not over \$50,000	over \$25,000
T65	Over \$50,000	\$750, plus 3% of the excess

T66	but not over \$75,000	over \$50,000
T67	Over \$75,000	\$1,500, plus 4% of the excess
T68	but not over \$100,000	over \$75,000
T69	Over \$100,000	\$2,500, plus 5% of the excess
T70	but not over \$200,000	over \$100,000
T71	Over \$200,000	\$7,500, plus 6% of the excess
T72		over \$200,000

750 (2) With respect to the calendar years commencing January 1, 2001,
 751 January 1, 2002, [and] January 1, 2003, January 1, 2004, and January 1,
 752 2005, the tax imposed by section 12-640 for each such calendar year
 753 shall be at a rate of the taxable gifts made by the donor during the
 754 calendar year set forth in the following schedule:

T73	Amount of Taxable Gifts	Rate of Tax
T74	Over \$25,000	\$250, plus 2% of the excess
T75	but not over \$50,000	over \$25,000
T76	Over \$50,000	\$750, plus 3% of the excess
T77	but not over \$75,000	over \$50,000
T78	Over \$75,000	\$1,500, plus 4% of the excess
T79	but not over \$100,000	over \$75,000
T80	Over \$100,000	\$2,500, plus 5% of the excess
T81	but not over \$675,000	over \$100,000
T82	Over \$675,000	\$31,250, plus 6% of the excess
T83		over \$675,000

755 (3) With respect to the calendar year commencing January 1, [2004]
 756 2006, the tax imposed by section 12-640 for the calendar year shall be at
 757 a rate of the taxable gifts made by the donor during the calendar year
 758 set forth in the following schedule:

T84	Amount of Taxable Gifts	Rate of Tax
T85	Over \$50,000	\$750, plus 3% of the excess
T86	but not over \$75,000	over \$50,000
T87	Over \$75,000	\$1,500, plus 4% of the excess
T88	but not over \$100,000	over \$75,000
T89	Over \$100,000	\$2,500, plus 5% of the excess
T90	but not over \$700,000	over \$100,000
T91	Over \$700,000	\$32,500, plus 6% of the excess
T92		over \$700,000

759 (4) With respect to the calendar year commencing January 1, [2005]
 760 2007, the tax imposed by section 12-640 for the calendar year shall be at
 761 a rate of the taxable gifts made by the donor during the calendar year
 762 set forth in the following schedule:

T93	Amount of Taxable Gifts	Rate of Tax
T94	Over \$75,000	\$1,500, plus 4% of the excess
T95	but not over \$100,000	over \$75,000
T96	Over \$100,000	\$2,500, plus 5% of the excess
T97	but not over \$700,000	over \$100,000
T98	Over \$700,000	\$32,500, plus 6% of the excess
T99		over \$700,000

763 (5) With respect to the calendar year commencing January 1, [2006]
 764 2008, the tax imposed by section 12-640 for the calendar year shall be at
 765 a rate of the taxable gifts made by the donor during the calendar year
 766 set forth in the following schedule:

T100	Amount of Taxable Gifts	Rate of Tax
T101	Over \$100,000	\$2,500, plus 5% of the excess

T102	but not over \$850,000	over \$100,000
T103	Over \$850,000	\$40,000, plus 6% of the excess
T104		over \$850,000

767 (6) With respect to the calendar year commencing January 1, [2007]
 768 2009, the tax imposed by section 12-640 for the calendar year shall be at
 769 a rate of the taxable gifts made by the donor during the calendar year
 770 set forth in the following schedule:

T105	Amount of Taxable Gifts	Rate of Tax
T106	Over \$950,000	\$45,000, plus 6% of the excess
T107		over \$950,000

771 (7) With respect to the calendar year commencing January 1, [2008]
 772 2010, and each calendar year thereafter, the tax imposed by section 12-
 773 640 for the calendar year shall be at a rate of the taxable gifts made by
 774 the donor during the calendar year set forth in the following schedule:

T108	Amount of Taxable Gifts	Rate of Tax
T109	Over \$1,000,000	\$47,500, plus 6% of the excess
T110		over \$1,000,000

775 Sec. 17. Section 4-28e of the general statutes is repealed and the
 776 following is substituted in lieu thereof (*Effective July 1, 2003*):

777 (a) There is created a Tobacco Settlement Fund which shall be a
 778 separate nonlapsing fund. Any funds received by the state from the
 779 Master Settlement Agreement executed November 23, 1998, shall be
 780 deposited into the fund.

781 (b) (1) The Treasurer is authorized to invest all or any part of the
782 Tobacco Settlement Fund, all or any part of the Tobacco and Health
783 Trust Fund created in section 4-28f and all or any part of the
784 Biomedical Research Trust Fund created in section 19a-32c. The
785 interest derived from any such investment shall be credited to the
786 resources of the fund from which the investment was made.

787 (2) Notwithstanding sections 3-13 to 3-13h, inclusive, the Treasurer
788 shall invest the amounts on deposit in the Tobacco Settlement Fund,
789 the Tobacco and Health Trust Fund and the Biomedical Research Trust
790 Fund in a manner reasonable and appropriate to achieve the objectives
791 of such funds, exercising the discretion and care of a prudent person in
792 similar circumstances with similar objectives. The Treasurer shall give
793 due consideration to rate of return, risk, term or maturity,
794 diversification of the total portfolio within such funds, liquidity, the
795 projected disbursements and expenditures, and the expected
796 payments, deposits, contributions and gifts to be received. The
797 Treasurer shall not be required to invest such funds directly in
798 obligations of the state or any political subdivision of the state or in
799 any investment or other fund administered by the Treasurer. The
800 assets of such funds shall be continuously invested and reinvested in a
801 manner consistent with the objectives of such funds until disbursed in
802 accordance with this section, section 4-28f or section 19a-32c.

803 [(c) (1) For the fiscal year ending June 30, 2001, disbursements from
804 the Tobacco Settlement Fund shall be made as follows: (A) To the
805 General Fund in the amount identified as "Transfer from Tobacco
806 Settlement Fund" in the General Fund revenue schedule adopted by
807 the General Assembly; (B) to the Department of Mental Health and
808 Addiction Services for a grant to the regional action councils in the
809 amount of five hundred thousand dollars; and (C) to the Tobacco and
810 Health Trust Fund in an amount equal to nineteen million five
811 hundred thousand dollars.

812 (2) For the fiscal year ending June 30, 2002, and each fiscal year
813 thereafter, disbursements from the Tobacco Settlement Fund shall be

814 made as follows: (A) To the Tobacco and Health Trust Fund in an
815 amount equal to twelve million dollars; (B) to the Biomedical Research
816 Trust Fund in an amount equal to four million dollars; (C) to the
817 General Fund in the amount identified as "Transfer from Tobacco
818 Settlement Fund" in the General Fund revenue schedule adopted by
819 the General Assembly; and (D) any remainder to the Tobacco and
820 Health Trust Fund.

821 (d) For the fiscal year ending June 30, 2000, five million dollars shall
822 be disbursed from the Tobacco Settlement Fund to a tobacco grant
823 account to be established in the Office of Policy and Management.
824 Such funds shall not lapse on June 30, 2000, and shall continue to be
825 available for expenditure during the fiscal year ending June 30, 2001.

826 (e) Tobacco grants shall be made from the account established
827 pursuant to subsection (d) of this section by the Secretary of the Office
828 of Policy and Management in consultation with the speaker of the
829 House of Representatives, the president pro tempore of the Senate, the
830 majority leader of the House of Representatives, the majority leader of
831 the Senate, the minority leader of the House of Representatives, the
832 minority leader of the Senate, and the cochairpersons and ranking
833 members of the joint standing committees of the General Assembly
834 having cognizance of matters relating to public health and
835 appropriations and the budgets of state agencies, or their designees.
836 Such grants shall be used to reduce tobacco abuse through prevention,
837 education, cessation, treatment, enforcement and health needs
838 programs.]

839 (c) For the fiscal year ending June 30, 2004, and each fiscal year
840 thereafter, disbursements from the Tobacco Settlement Fund shall be to
841 the General Fund in the amount identified as "Transfer from Tobacco
842 Settlement Fund" in the General Fund revenue schedule adopted by
843 the General Assembly.

844 Sec. 18. (Effective July 1, 2003) Section 12-407d of the general statutes
845 is repealed.

This act shall take effect as follows:	
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2003</i>
Sec. 2	<i>from passage and applicable to taxable years commencing on or after January 1, 2003</i>
Sec. 3	<i>July 1, 2003, and applicable to sales occurring on or after July 1, 2003</i>
Sec. 4	<i>July 1, 2003, and applicable to sales occurring on or after July 1, 2003</i>
Sec. 5	<i>July 1, 2003, and applicable to sales occurring on or after July 1, 2003</i>
Sec. 6	<i>from passage and applicable to income years commencing on or after January 1, 2004</i>
Sec. 7	<i>from passage and applicable to taxable years commencing on or after January 1, 2004</i>
Sec. 8	<i>from passage and applicable to income years commencing on or after January 1, 2004</i>
Sec. 9	<i>from passage and applicable to income years commencing on or after January 1, 2003</i>
Sec. 10	<i>from passage and applicable to transfers from estates of decedents who die on or after January 1, 2003</i>
Sec. 11	<i>from passage and applicable to transfers occurring on or after January 1, 2003</i>
Sec. 12	<i>from passage and applicable to transfers occurring on or after January 1, 2003</i>
Sec. 13	<i>from passage and applicable to estates of decedents who die on or after January 1, 2003</i>
Sec. 14	<i>July 1, 2003, and applicable to gross earnings on sales occurring on or after July 1, 2003</i>
Sec. 15	<i>July 1, 2003, and applicable to gross earnings on sales occurring on or after July 1, 2003</i>
Sec. 16	<i>from passage and applicable to taxable years commencing on or after January 1, 2003</i>
Sec. 17	<i>July 1, 2003</i>
Sec. 18	<i>July 1, 2003</i>

FIN **Joint Favorable Subst.**